

Message Text

SECRET

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 OES-06 PM-04 SAJ-01 NSC-05 SP-02
SS-15 NRC-05 ERDA-05 ACDA-07 CIAE-00 INR-07 NSAE-00
L-03 DODE-00 /086 W
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R 211430Z JAN 77
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC 9321
INFO USMISSION IAEA VIENNA

S E C R E T SECTION 1 OF 2 BELGRADE 405

E.O. 11652: GDS
TAGS: TECH, YO
SUBJECT: DISARMAMENT, NON-PROLIFERATION AND NUCLEAR EXPORTS

REF: STATE 8451

SUMMARY: IN COURSE OF PERIODIC REVIEW OF DISARMAMENT ISSUES, SENIOR FSFA OFFICIAL DISCUSSED GOY POLICIES ON DISARMAMENT, NON-PROLIFERATION AND SAFEGUARDS. HE STRESSED THAT PROGRESS IN BOTH CONVENTIONAL AND NUCLEAR DISARMAMENT IS MAJOR GOY FOREIGN POLICY GOAL IN 1977-1978. HE NOTED AS EVIDENCE OF ITS SERIOUSNESS THE INCREASE IN HIS STAFF FROM TWO TO FIFTEEN (UNDOUBTEDLY THE LARGEST AND MOST EXPERT OF ANY NON-ALIGNED FOREIGN MINISTRY). HE ASKED FOR EARLY U.S./YUGOSLAV BILATERAL TALKS TO ENSURE THAT YUGOSLAV-SPONSORED UN SPECIAL SESSION IN 1978 LEADS TO POSITIVE RESUTLS. ON NON-PROLIFERATION HE EXPRESSED GRAVE CONCERN THAT CONTINUATION OF EXCLUSIVE LONDON CLUB APPROACH WOULD LEAD TO WEAKIENING OF COMMITMENT TO NPT AND ULTIMATELY AN NEW NUCLEAR BLOC OF NON-ALIGNED LED TECHNOLOGICALLY BY CHINA AND INDIA. HIS POSITION WAS THAT THERE MUST BE A RETURN TO MULTILATERAL DISCUSSION OF THESE MATTERS IN IAEA RATHER THAN UNILATERAL ATTEMPTS BY NUCLEAR SUPPLIERS TO DICTATE THEIR TERMS. CITING KRSKO AS AN EXAMPLE, HE SAID USG'S HANDLING OF MATTER TO DATE HAD ONLY SUCCEEDED IN HEIGHTENING GOY SUSPICIONS WHILE LEAVING
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UNCLEAR WHAT PRECISELY WE WANTED. WHILE WARNING THAT GOY PREPARED TO SEE COLLAPSE OF KRSKO RATHER THAN ACCEPT A "DIKTAT", HE MADE "PERSONAL" SUGGESTION THAT GOY MIGHT BE PREPARED TO ISSUE A STATEMENT GUARANTEEING THAT THE INVESTORS (THE SLOVENE AND CROATIAN UTILITIES) WOULD NOT TAKE CERTAIN ACTIONS--WHICH WOULD BE SPECIFIED IN FURTHER DISCUSSIONS. HE LEFT CLEAR IMPRESSION THAT USG SHOULD FRAME ITS REQUESTS NOT AS SEEKING ADDITIONAL BUT

AS EXPLICATING EXISTING COMMITMENTS. HE ALSO SHOWED IGNORANCE OF RELATIONSHIP BETWEEN USG DEPARTMENTS AND NRC, WHICH REINFORCES VIEW THAT YUGOSLAV EMBASSY WASHINGTON NOT ALWAYS KEEPING GOY ACCURATELY INFORMED ABOUT STRUCTURE AND RELATIONSHIPS WITHIN USG. EMBASSY THEREFORE BELIEVES THAT WOULD BE USEFUL TO CONTINUE DIALOGUE WITH KRIVOKAPIC PRIOR TO ARRIVAL OF TEAM FOR DISCUSSIONS. TOWARDS THAT END WE WOULD APPRECIATE INFORMATION ON SUBSTANCE AND FORM ADDITIONAL ASSURANCES MIGHT TAKE, IN PARTICULAR WHETHER NRC MIGHT BE SATISFIED WITH FORMULA ALONG LINES PROPOSED BY KRIVOKAPIC OR BELOVSKI. END SUMMARY.

1. POL COUNS AND EMBOFF CALLED ON STEFAN KRIVOKAPIC, SPECIAL COUNSELOR FOR DISARMAMENT AT FEDERAL SECRETARIAT FOR FOREIGN AFFAIRS (FSFA) FOR GENERAL REVIEW OF DISARMAMENT AND NON-PROLIFERATION ISSUES WHICH WE ROUTINELY TAKE UP WITH HIM. HE IS NOW ASSEMBLING A STAFF OF FIFTEEN AS GOY PLACING NEW PRIORITY ON GENERATING MOMENTUM ACROSS THE BOARD IN STALLED DISARMAMENT FIELD, AND SEES THE UN SPECIAL SESSION ON DISARMAMENT IN 1978 AS MAJOR STIMULUS. HE WENT TO CONSIDERABLE LENGTH TO ASSURE US THAT THE PURPOSE OF THE GOY IN SPONSORING THIS CONFERENCE IS NOT TO CONDEMN THE SUPERPOWERS, BUT TO SET A REALISTIC BASIS FOR DISARMAMENT, BOTH NUCLEAR AND CONVENTIONAL. HE RECOGNIZES THAT THE NEED OF NATIONS FOR SECURITY AGAINST AGGRESSION TAKES PRECEDENCE OVER TECHNICAL QUESTIONS. HE EVEN OFFERED THAT THE CONTINUED POSSESSION BY THE U.S. OF TACTICAL NUCLEAR WEAPONS IN EUROPE COULD BE CONSIDERED AS BALANCING THE SUPERIORITY OF THE EASTERN BLOC IN CONVENTIONAL FORCES. HE ADDED THAT THE GOY WOULD CONDUCT PRELIMINARY DISCUSSIONS WITH OTHER GOVERNMENTS AND PROPOSED THAT THE USG SOON BE ONE OF THEM--

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EITHER HERE OR WITH YUGOSLAV DELEGATION GOING TO WASHINGTON.

2. WITH ONLY SLIGHT NIDGING AND STRESSING THAT HE INTENDED TO RAISE IT, KRIVOKAPIC SPOKE AT LENGTH ON THE NUCLEAR SUPPLIERS CONFERENCE. FROM HIS READING OF THE GUIDELINES DEVELOPED AT THE CONFERENCE (HE DID NOT INDICATE THE SOURCE) AND THE STATEMENTS BY REPRESENTATIVES OF PARTICIPATING COUNTRIES (AMONG WHICH HE FOUND THE SOVIETS THE STRICTEST), HE CONCLUDED THAT THE NEW RULES VIRTUALLY ELIMINATED THE SALES OF NUCLEAR TECHNOLOGY TO DEVELOPING COUNTRIES. CERTAINLY THE 15 SUPPLIER NATIONS COULD IMPOSE A "MONOPOLY" FOR TEN OR SO YEARS.

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HOWEVER IN RESPONSE, THE NONALIGNED COUNTRIES WOULD FORM A COUNTER-BLOC, PERHAPS USING THE NUCLEAR TECHNOLOGY OF INDIA OR CHINA. THE RESULT WOULD BE THE DESTRUCTION OF THE NPT AND THE IAEA AND PROBABLY INCREASED PROLIFERATION. HE STRESSED THAT THE PROPER FORUM FOR DEVELOPING SAFEGUARDS IS THE IAEA AND REPEATED HIS GOVT'S OPPOSITION TO THE IMPOSITION WITHOUT CONSULTATION OF NEW RULES MADE IN SECRET. ON THE OTHER HAND, HE IS SERIOUSLY CONCERNED BY THE SALES OF NUCLEAR TECHNOLOGY TO SUCH NON-ADHERENTS TO THE NPT AS BRAZIL, ARGENTINA AND SOUTH AFRICA, EVEN SUGGESTING THE FUTURE POSSIBILITY OF COLLUSION BETWEEN THE FRG AND BRAZIL IN BUILDING NUCLEAR WEAPONS.

3. KRIVOKAPIKCITED THE DELAY IN ISSUANCE OF A NUCLEAR EXPORT LICENSE FOR KRSKO AS AN EXAMPLE OF THE DISCRIMINATORY MONOPOLISTIC RULES DEVELOPED BY LONDON CLUB. HE REASONED THE THE U.S. REQUEST FOR ADDITIONAL ASSURANCES DERIVED FROM THE GUIDELINES. HE CONTINUED THAT THE GOY WAS SURPRISED BY THE AIDE MEMOIRE PRESENTED BY ASSISTANT SECRETARY HARTMAN ON DEC 3 AND CONSIDERS IT A SUDDENLY IMPOSED "DIKTAT". IT WOULD HAVE BEEN MUCH BETTER IF THE USG HAD BEEN IN COMMUNICATION WITH THE GOY EARLIER EITHER IN WASHINGTON OR BELGRADE AND SIMPLY SAT DOWN TO DISCUSS OUR REQUESTS RATHER THAN PRESENTING A FORMAL AIDE MEMOIRE.

AS IT WAS, THE AIDE MEMOIRE AND THE PROSPECTS OF "NEGOTIATIONS"

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ARRIVING IN BELGRADE OUT OF THE BLUE HAD ONLY RAISED SUSPICION ABOUT USG INTENTIONS WITHOUT CLARIFYING PRECISELY WHAT WAS WANTED.

4. WE TRIED TO ALLAY HIS FEARS ABOUT THE ORIGIN AND PURPOSE OF THE NUCLEAR SUPPLIERS CONFERENCE AND DESCRIBED THE U.S. DECISION-MAKING PROCESS ON NUCLEAR EXPORT LICENSES AS WELL AS THE RELATIONSHIP BETWEEN THE U.S. EXECUTIVE BRANCH

AND THE NUCLEAR REGULATORY COMMISSION, WHICH HE CLEARLY DID NOT KNOW WELL. HE REPLIED WITH THE ARGUMENT THAT THE GOY HAD ALREADY UNDERTAKEN SERIOUS AND BROAD COMMITMENTS IN THE NPT AND THE AGREEMENTS WITH THE IAEA AND USG, AND THAT IT COULD NOT ACCEPT ADDITIONAL REQUIREMENTS, UNILATERALLY IMPOSED, THAT CALLED INTO QUESTION THE INTEGRITY OF ITS TREATY COMMITMENTS OR IMPUGNED ITS NATIONAL SOVEREIGNTY. THE GOY, HE SAID, ALWAYS KEPT ITS INTERNATIONAL COMMITMENTS AND COULD NOT AGREE TO REWRITING EXISTING AGREEMENTS. INDEED, HE FELT THAT THE ASSURANCES REQUESTED BY THE U.S. EXISTED ALREADY IN THE TRILATERAL AGREEMENTS WITH THE IAEA.

5. PERHAPS GETTING TO A POINT CHARTED FROM THE BEGINNING OF THE TWO-HOUR DISCUSSION, KRIVOKAPIC OFFERED THE "PERSONAL SUGGESTION" THAT THE GOY MIGHT ACCEPT AS A FORMULA THAT IT ISSUE A STATEMENT THAT THE FEDERAL GOVT WOULD ACT AS A GUARANTOR THAT THE "INVESTOR" (THE SLOVENE AND CROATIAN UTILITIES) WOULD NOT DO CERTAIN THINGS WITH THE MATERIAL AND EQUIPMENT DERIVED FROM KRSKO. EXACTLY WHAT THOSE CERTAIN THINGS WERE COULD BE NEGOTIATED.

6. COMMENT: WE WERE STRUCK BY THE CONTRAST IN THE UPBEAT TONE TAKEN IN WASHINGTON BY AMBASSADOR BELOVSKI AND THE HIGH DEGREE OF MISUNDERSTANDING AND SUSPICION WHICH KRIVOKAPIC INDICATED EXISTS IN BELGRADE. THOUGH HE IS THE SENIOR FSFA OFFICIAL HANDLING THIS ISSUE AND HAS OBVIOUSLY DEVOTED CONSIDERABLE TIME TO IT, KRIVOKAPIC DID NOT KNOW WHAT FORM THE ADDITIONAL ASSURANCES SHOULD TAKE (VERBAL? AIDE MEMOIRE? TREATY?) NOR WHY THE USG IS SEEKING THEM WHEN YUGOSLAVIA HAD ALREADY
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ACCEPTED FAR MORE ENCOMPASSING COMMITMENTS ON NON-PROLIFERATION AND SAFEGUARDS. APPARENTLY THE YUGOSLAV EMBASSY HAS NOT PROVIDED THE GOY MUCH MORE INFORMATION THAN WHAT WAS CONTAINED IN THE AIDE MEMOIRE AND, IN THE ABSENCE OF KNOWLEDGE, THE GOY HAS ASSUMED THE WORST. SINCE KRIVOKAPIC IS AS COOPERATIVE AND TECHNICALLY KNOWLEDGEABLE A CONTACT POINT AS WE ARE LIKELY TO FIND IN THE GOY, WE WOULD LIKE TO MAINTAIN A DIALOGUE WITH HIM. HENCE, THE EMBASSY REQUESTS THE DEPARTMENT TO SUPPLY US WITH MORE EXPLICIT INFORMATION ON THE SUBSTANCE AND FORM OF THE ASSURANCES SOUGHT AND ON THE LIKELIHOOD OF THE NRC ACCEPTING THE KRIVOKAPIC FORMULA. WE WOULD ALSO BE INTERESTED IN THE CONCLUSIONS REACHED BY THE "DEPARTMENT'S LAWYERS" ON INTERPRETING PREVIOUS AGREEMENTS IN SUCH A WAY AS TO SATISFY THE NRC'S DEMANDS (PARA 5 REFTEL). OUR PRESENT READING IS THAT THE GOY MIGHT BE WILLING TO MAKE A STATEMENT IN THE CONTEXT OF EXISTING COMMITMENTS OR OF FEDERAL RESPONSIBILITIES BUT THAT A NEW BILATERAL TREATY FOR COOPERATION ON THE PEACEFUL USES OF ATOMIC ENERGY WOULD BE UNACCEPTABLE TO THE GOY, JUST AS THE TIME IT WOULD PROBABLY TAKE TO CONCLUDE SUCH A TREATY WOULD BE

UNACCEPTABLE TO WESTINGHOUSE. IN ANY CASE, SPECIFICITY
AND URGENCY ARE CALLED FOR.
YORK

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